

1996-2002 STATEWIDE CAPITAL IMPROVEMENTS PLAN

EXECUTIVE SUMMARY

THE CAPITAL PLANNING ADVISORY BOARD

The Capital Planning Advisory Board (CPAB) was established by Senate Bill 46, as enacted by the 1990 General Assembly and codified as KRS Chapter 7A. This legislation was based on a recommendation of the Debt Capacity Task Force established by the 1988 General Assembly, *which noted that evaluating how much debt the Commonwealth should have requires an accurate assessment of its capital needs. KRS Chapter 7A, the enabling statutes for the Capital Planning Advisory Board, is provided as Appendix E.

The CPAB has fifteen members - five appointees from each branch of state government. Pursuant to statute, the Board is to create a six-year comprehensive statewide capital improvements plan, encompassing all state agencies and universities, to be submitted to the heads of the three branches - the Governor, the Chief Justice, and the Legislative Research Commission - by November 1 of each odd-numbered year. This enables the comprehensive capital plan to be used in the subsequent budget process and in the regular biennial legislative session.

The CPAB has previously completed and submitted three statewide capital improvements plans:

- 1990-96 Plan - The Board's first plan, as submitted in November 1991, included recommendations on space management goals for the Commonwealth, construction of state-owned office space in Franklin and Fayette Counties, and categories of capital projects deserving special emphasis.
- 1992-98 Plan - The Board's second plan, as submitted in November 1993, contained a total of 19 recommendations grouped into the following categories: space management and utilization, judicial/corrections, technology/equipment, project approval considerations, requirements for future capital planning and budgeting submissions, higher education deferred maintenance, and energy management. The 1992-98 Plan also listed 39 projects (not in priority order), which the Board identified as having either most exceptional merit or being worthy of consideration for funding.
- 1994-2000 Plan - The Board's third plan, as submitted in November 1995, contained six recommendations, which addressed debt financing, shared use of higher education facilities, prison population growth, mechanical and electrical maintenance in state buildings, changes to CPAB statutes, and the Budget Reserve Trust Fund. For the first time since the Board's creation, the 1994-2000 Plan recommended a prioritized listing of 97 projects to be financed from state funds in the 1996-98 biennial budget, as well as a non-prioritized list of

The guidelines stipulated that the agency plans should include a status report of projects with current biennium authorization (1996-98) and planning information on proposed capital construction projects, purchases of information technology and other equipment items and systems, and new or expanded leases of real property. Significant changes from the guidelines used for the previous plan included: 1) requiring equipment items and systems to be submitted for only the first biennium of the planning period (1998-2000) and 2) requiring that university capital plans be submitted directly to the Capital Planning Advisory Board, with the Council on Higher Education no longer preparing a systemwide higher education plan (composed of all university projects), but making recommendations on specific projects to the Board.

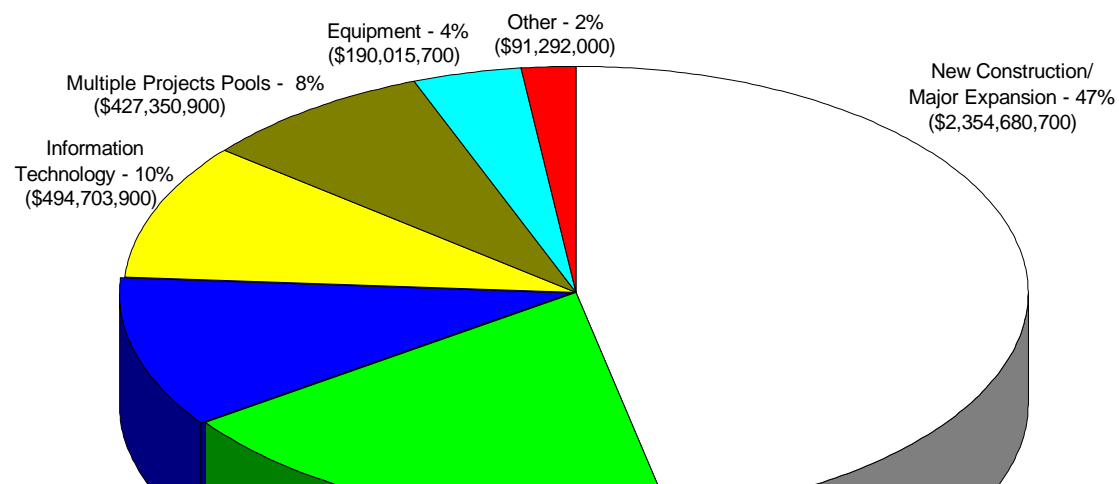
Submissions were to be provided in the Board-approved electronic format which was developed by staff of the Governor's Office for Policy and Management (GOPM).

In January and February 1997, CPAB staff, assisted by staff of GOPM and the Kentucky Information Resources Management (KIRM) Commission, conducted seven one-day training sessions to familiarize agency and university planning personnel with the capital planning forms and instructions and the related computer software.

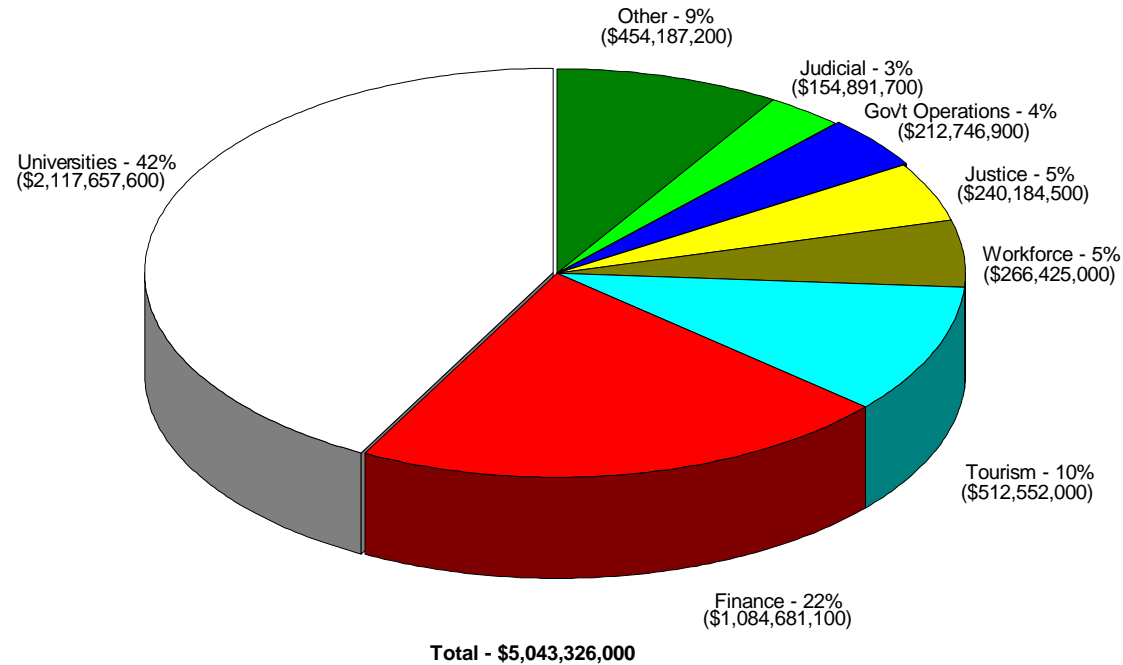
Agency capital plans were due on April 15, 1997. Board staff reviewed the submissions to ensure that all required information had been provided, then analyzed the planned projects and developed summaries highlighting each agency's priorities and major categories of projects.

For the 1998-2002 planning period, capital construction and equipment projects totaling approximately \$5.0 billion were submitted to the CPAB. The following charts summarize the projects by type of project and by area of government. A complete listing of all projects is provided in Appendix A.

BY TYPE OF PROJECT



BY AREA OF GOVERNMENT



In May 1997, the General Assembly enacted legislation reforming Kentucky's postsecondary education system. This legislation established a new Council on Postsecondary Education (CPE), to replace the existing Council on Higher Education, as well as a new Kentucky Community and Technical College System (KCTCS), composed of the University of Kentucky Community College System and the technical institutions formerly operated as Kentucky Tech by the Cabinet for Workforce Development. The reform legislation also created a Strategic Investment and Incentive Funding Program for postsecondary education, which includes a technology initiative trust fund and a physical facilities trust fund. (The Board recognizes that changes in organization and funding mechanisms will be reflected in the 1998-2000 budget for postsecondary education. However, because time constraints did not allow these changes to be taken into account in developing the *1996-2002 Statewide Capital Improvements Plan*, the Board acted on the belief that the basic needs and priorities identified in the original university capital plan submissions would remain largely unaffected by the reforms.)

The Board conducted a two-day meeting in July 1997 to review the capital plan submissions and to hear testimony from representatives of agencies and universities regarding their planning priorities. At its July meeting, the Board also received and reviewed recommendations and prioritized project listings which it had requested from the KIRM Commission for information

gave final approval to the *1996-2002 Statewide Capital Improvements Plan* for submission to the heads of the three branches of government.

CAPITAL PRIORITIES RECOMMENDATIONS

The Board's capital priorities recommendations are based on its review of projects proposed for the 1998-2002 planning period, as submitted by state agencies and universities; recommendations on information technology items and systems, as provided by the KIRM Commission; and recommendations on projects for the institutions of higher education, as provided by the CPE.

In making these recommendations, ***the Board emphasizes that, as a planning body, its focus is on the priority and need to be addressed***, rather than the details of each project (e.g., cost, method of acquisition). In addition to the specific projects recommended, the Board recognizes that numerous other important and worthwhile projects have been proposed for the 1998-2000 biennium.

As in its last statewide capital plan, the Board's recommendations address two categories of capital priorities: those proposed to be financed from state funds and those proposed to be financed from other than state funds.

CAPITAL PRIORITIES PROPOSED TO BE FINANCED FROM STATE FUNDS

Relative to funding in the 1998-2000 capital budget, the Board recommends:

- That **maintenance of existing state facilities** be considered as the highest priority;
- That **various specific capital construction and equipment projects** be considered as the next highest priorities (after maintenance); and
- That **programs which provide assistance to non-state entities**, through grants or loans, also be recognized as high priorities.

The projects or programs contained in each category are as follow:

- Maintenance of existing state facilities
 - Agency maintenance pools;
 - Capital Construction and Equipment Purchase Contingency Fund;
 - Emergency Repair, Maintenance, and Replacement Fund;
 - Matching funds pool for maintenance and government mandates projects at postsecondary education institutions;
 - State-Owned Dam Repair; and
 - Statewide Deferred Maintenance Pool.
- Various specific capital construction and equipment projects
(The following list is in alphabetical order; it does not reflect a prioritized ranking.)
 - Blackburn Correctional Complex/200-Bed Minimum Security Dorm;
 - Brookings Hall Renovation (MoSH);

- Natural Science Building (NKU);
 - New 1,790-Bed Medium Security Facility for Men;
 - New State Office Building - Asbestos Abatement/Renovation, Additional Funds;
 - Replacement of Basic Radio System/Enhancement of Sites (KSP);
 - Secure Juvenile Detention Facility;
 - Simplified Access (*EMPOWER Kentucky*);
 - Simplified Regulatory Services (*EMPOWER Kentucky*);
 - State Office Building - Franklin County; and
 - Two-Way Communications for Emergency Responses (DES).
- Programs which provide assistance to non-state entities
 - Economic Development Bond Program;
 - Flood Control Matching Fund;
 - KIA Fund A - Federally Assisted Wastewater Program;
 - KIA Fund E - Solid Waste Loan Program;
 - KIA Fund F - Drinking Water Revolving Loan Fund; and
 - School Facilities Construction Commission.

CAPITAL PRIORITIES PROPOSED TO BE FINANCED FROM OTHER THAN STATE FUNDS

The Board recommends that the 1998-2000 budget authorize all projects proposed by state agencies and universities to be financed 100% from Federal Funds, Restricted Funds, Other Funds, or Road Funds, with the following exceptions:

- Projects which will require the expenditure of significant additional state funds for their operation and maintenance,
- Projects which will commit the state to fund significant costs to complete the project after the available Federal Funds/Restricted Funds/Other Funds/Road Funds have been expended,
- Restricted Funds or Road Funds should not be authorized for projects to such an extent that agency programs or operations also funded by that source would be jeopardized,
- The top priority for the use of Restricted Funds of the higher education institutions should be projects to address life/safety and deferred maintenance needs for which state funds are not provided, and
- A high priority for the use of Road Funds should be Transportation Cabinet projects to address life/safety and deferred maintenance needs.

The Board also recommends six specific projects to be financed from other than state funds as follow:

OTHER CPAB RECOMMENDATIONS

In addition to capital priorities recommendations, the *1996-2002 Statewide Capital Improvements Plan* also includes 11 recommendations on capital-related issues. They are as follow:

STATEMENT OF BOARD INTENT FOR PROJECTS TO BE SUBMITTED IN AGENCY CAPITAL PLANS

The Board recommends that future instructions for agency capital plans state that all facilities proposed to address capital needs and priorities are to be submitted regardless of the anticipated means of acquisition.

USE OF KRS 56.774 FOR ENERGY MANAGEMENT AND CHILLER RETROFIT PROJECTS

The Board recommends that state agencies and postsecondary education institutions be encouraged to utilize the provisions of KRS 56.774, which allow for the use of energy performance contracts, in order to implement energy management and chiller retrofit projects.

The Board also recommends that the Governor and General Assembly give serious consideration to addressing needs identified by the Finance and Administration Cabinet in order to effectively implement this statute (e.g., additional staffing, statutory clarification).

LONG-RANGE PLANNING FOR COURT FACILITIES

The Board recommends that the Chief Justice recommend and that the General Assembly appropriate amounts in the 1998-2000 Judicial Branch budget to provide for more long-range planning for court facilities. Specifically recommended is funding for two additional positions (an architect and a court facility planner) in the facilities section of the Administrative Office of the Courts (AOC) and for specialized consulting services.

The new positions would be responsible for conducting a comprehensive assessment of current court facilities statewide, establishing standards for projecting future growth, and assisting counties with limited resources in performing feasibility studies and in developing preliminary cost estimates. Funding for consulting services would allow AOC to contract for specialized services, such as structural or mechanical engineering evaluations, as needed.

EXPEDITE IMPLEMENTATION OF AUTHORIZED PROJECTS

The Board recommends that the relevant procedures and statutes be reviewed and, where appropriate, modified to ensure that capital projects may be implemented as expeditiously as possible following their authorization, while still retaining all safeguards necessary to ensure the integrity of the process.

STUDY WAYS TO REDUCE THE PRISON POPULATION, INCLUDING ALTERNATIVES TO INCARCERATION

The Board recommends that the Executive, Legislative, and Judicial Branches undertake a study of ways to reduce the growth in the prison population, to include identifying alternatives to incarceration that are consistent with public safety.

STATUTORY FUNDING OF BUDGET RESERVE TRUST FUND

The Board recommends that the Budget Reserve Trust Fund be funded in accordance with the provisions of KRS 48.705 and that the Governor and General Assembly not suspend these provisions in recommending and enacting future Executive Branch budgets.

TECHNOLOGY-BASED SOLUTIONS AND ALTERNATIVES TO CONSTRUCTION

The Board recommends that it work with relevant state agencies to explore, evaluate, and implement technology-based solutions and alternatives to the construction and acquisition of new space.

CAPITAL PLANNING FOR INFORMATION TECHNOLOGY

The Board recommends that it work with the Kentucky Information Resources Management (KIRM) Commission in establishing the 1998-2004 capital planning instructions and process, to ensure that needs and concerns of both entities are addressed to the extent possible regarding the submission, review, and reporting of information technology items and systems.

The Board also recommends that the KIRM Commission propose, for consideration by the 1998 General Assembly, any necessary changes in the Kentucky Revised Statutes or Kentucky Administrative Regulations to ensure that items and systems are defined in a manner consistent with current information technology.

LONG-RANGE PLANNING FOR STATE OFFICES

The Board recommends that, pursuant to the provisions of KRS 42.027, the Finance and Administration Cabinet proceed as soon as possible to complete development of its long-range plan for housing state agencies in the Frankfort area.

The Board also recommends that, pursuant to KRS 42.027, the Cabinet begin work to develop long-range plans for housing state agencies which are located in the metropolitan areas of Kentucky.

(The complete recommendations, accompanied by relevant background information for each, may be found in the "Other CPAB Recommendations" section of this document.)